

2015 Annual Report

Catalyzing Impact



MILLENNIUM
CHALLENGE CORPORATION

UNITED STATES OF AMERICA

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Abstract

Since its creation in 2004, MCC has improved lives and transformed communities in its partner countries by focusing on one mission: reducing poverty through growth. By taking a data-driven, policy reform-centered approach to foreign assistance, MCC catalyzes private investment and serves as a gateway to opportunity for people living in poverty around the world.

Message From U.S. Secretary Of State John F. Kerry

Chair, MCC Board Of Directors

In today's complex global climate, smart and effective foreign aid is critical to ensure long-lasting peace and shared prosperity. Economic growth, widely shared, can replace despair with hope, unlock humanity's vast potential, and lead to a better future for all of us.

The U.S. Government's approach to development has significantly evolved over time, thanks in no small part to the example set by the Millennium Challenge Corporation. MCC was founded on the principle that economic and political progress must work hand-in-hand to build strong societies. Over its 11-year history, MCC's targeted investments and selective standards have promoted good governance, transparency and accountability, and helped ensure U.S. taxpayer dollars have maximum impact.

Investing in development is not just the business of rich governments – it is everybody's business. All nations, businesses, investors, NGOs, and civil society must come together to fuel sustainable economic growth that lifts people out of poverty and helps create a more stable and prosperous world.

Thanks to the support of the American people, MCC is ensuring that committed and well-governed countries across the globe provide for their citizens, open their doors to private investment, and promote economic growth to end poverty as we know it.

Message from Dana J. Hyde

MCC's Chief Executive Officer

Over the past decade, the Millennium Challenge Corporation has given people and communities in some of the poorest countries around the world a better chance to escape poverty. As the progress captured in this report shows, in our 11th year we have continued to drive economic growth that will make a difference for millions of people.

MCC invests in infrastructure projects that provide clean water, electricity, roads, and other vital services in poor communities that help spur growth and improve quality of life. On a visit to Senegal in August 2015, I had an opportunity to witness this firsthand. Thanks to our work in new irrigation systems and better roads, farmers can grow more crops year-round and drivers can take those crops to new markets. By supporting Senegal's agricultural sector, MCC's partnership with the Government of Senegal is strengthening the country's role as a regional hub for trade and investment.

By working closely with our public and private sector partners, we can scale up our impact and catalyze lasting results. Around the world, we are working with countries to improve governance and enact reforms that will create opportunities for businesses to invest. And in countries like Jordan and Benin, we are deploying innovative public-private partnerships that harness private capital and expertise.

As MCC turns the corner on its first decade, it is clear that our singular focus on economic growth is one of the most effective ways to achieve widespread reductions in poverty. With the ongoing support of the Administration, Congress, our stakeholders, and—most importantly—the American people, we will remain at the forefront of the global effort to lift people out of poverty.

MCC Board of Directors

Government officials work alongside individuals from the private sector, who are appointed to serve by the President with the advice and consent of the U.S. Senate. The private sector component is one of the most distinctive features of MCC's Board of Directors, whose nine members meet quarterly. At the end of Fiscal Year 2015, the Board had one vacancy.

- [John F. Kerry](#), Chair, Secretary of State
- [Jacob J. Lew](#), Vice Chair, Secretary of the Treasury
- [Michael Froman](#), U.S. Trade Representative
- Alfonso Lenhardt , Acting Administrator, U.S. Agency for International Development
- [Dana J. Hyde](#), Chief Executive Officer, MCC
- [Mark Green](#), President, International Republican Institute
- [Susan M. McCue](#), President, Message Global
- [Morton H. Halperin](#), Senior Advisor, Open Society Foundations and the Open Society Policy Center

*As of September 30, 2015

Driving Progress

MCC Partner Countries that Completed Compacts in Fiscal Year 2015

Since its founding, MCC and its partner countries have completed 20 compacts, totaling more than \$7.1 billion. In Fiscal Year 2015, Moldova and Senegal completed their respective compacts.

Moldova

The Moldova Compact was designed to help the country transform into a modern European nation and take advantage of a unique opportunity in its economic trajectory. Moldova is the poorest country in Europe, but a newly signed free trade agreement with the European Union provided a unique opportunity for Moldovan businesses to rebound from recent trade bans that stifled the economy. By helping farmers grow higher-value crops and better market their products to new regional and overseas markets, MCC positioned the Moldovan economy for sustainable growth. With MCC assistance, agricultural producers have opened up new markets for trade, including countries in the European Union, North Africa, the Arabian Gulf and the Asia-Pacific region.

Through the joint USAID/MCC Growing High Value Agriculture Sales Activity, at least 6,569 farmers were trained and close to \$30 million in sales of high-value produce was realized in part by funding the participation of Moldovan exporters in international fruit expos. As a direct result, Moldovan apples are now being enjoyed as far away as Bangladesh.

Ten irrigation systems were made operational as part of the Transition to High Value Agriculture Project, and farmers received training and equipment to manage the rehabilitated irrigation systems. Farmers also gained access to financing needed to shift to high-value agriculture and deliver goods to markets abroad through the disbursement of \$11.7 million across 62 loans under the Access to Agricultural Finance Activity.

A \$17 million credit program targeting high-value agriculture chains included a credit program that funded post-harvest infrastructure—such as cold storage—that will help Moldovan produce reach and compete in export markets. The second part of the credit program was an equipment leasing activity that supplied equipment leases to farmers, so they can invest in on-farm irrigation and other equipment necessary for growing high-value crops. Credit was disbursed to 82 farmers and groups of farmers, and the revolving nature of these funds is designed to have an impact beyond the invested \$17 million.

The rehabilitation of a 59.7-mile segment of the M2 highway between the Sarateni junction and Soroca was completed in September 2014, on time and with a savings of approximately \$21 million. The road is expected to reduce the cost and time required to transport goods and services to market.

Senegal

The Senegal Compact was designed to unlock the country's agricultural productivity by improving the performance of irrigation systems, securing land tenure rights and expanding access to markets. Through MCC investments, large-scale irrigation systems on nearly 87,000 acres were rehabilitated and improved, and a 1,100-acre newly irrigated perimeter in the rice production valley of northern Senegal was created. This allows farmers to grow rice, fruits, and vegetables and significantly improve production to help meet Senegal's rice production goals.

As part of the compact, more than 3,600 land use certificates covering over 12,500 acres of production land were awarded, and more than 8,200 plots were incorporated into the land management system. Through improved and more transparent land allocation, increased formalized land rights and enhanced local land management capacity, compact beneficiaries play an active role in determining their land rights in a transparent manner that ensures fairness now and into the future.

The compact's investments also rehabilitated two critical transport corridors, including those vital to reaching new markets, and two bridges, in the north along the river valley and in the south in the fertile Casamance region. The rehabilitation is providing reliable means of transporting locally produced agricultural products to domestic and international markets year-round. The Government of Senegal committed to completing remaining road work with its own funds at compact closure on September 23. The Senegal Compact's investments are expected to increase household incomes for more than 1.55 million people across approximately 138,000 households

Impact Beyond The Compact

The focus of an MCC compact is to build not only infrastructure in a partner country, but also sustainable expertise and know-how. This is evident during compact implementation and even after a compact closes.

Under the Honduras Compact, grant funding was administered by MCA-Honduras using the government's public financial management system. To meet MCC's standards of transparency, the MCA supplemented the public system with an independent financial advisor and followed MCC's audit program. Following the 2010 compact closeout, the Government of Honduras asked the MCA to implement additional projects funded by other international donors, including the Inter-American Development Bank and the World Bank. By the end of the country's current threshold program, the MCA will have implemented programs with an approximate value of \$1 billion on behalf of several international developmental partners, including MCC.

In Senegal, new land allocation criteria developed from participatory workshops that featured input from various stakeholder groups, including farmers, herders, women and youth. The approach blended traditional and modern land practices and included work with the Senegalese government to improve local land governance. The approach is now being adopted by the Government of Senegal.

To complement MCC's Education Project in its Namibia Compact, which closed in Fiscal Year 2014, MCC worked with local Microsoft partner My Digital Bridge Foundation to launch the use of an unused TV band spectrum, known as "TV white space," to deliver fast, reliable and affordable broadband access to 23 rural schools and 10 local administrative offices. This improves rural schools' access to the country's

Education Management Information System and extends possibilities for e-learning, distance teaching, peer reviewing, and electronic collaboration. Connections for up to 70 additional schools were added to the budget by the Ministry of Education in Fiscal Year 2015.

Table I MCC Partner Countries with completed compacts as of September 30, 2015

Partner Country	Total Compact Amount at signing (in millions of dollars)
Madagascar	\$109.8
Honduras	\$215.0
Cabo Verde	\$110.1
Georgia	\$395.3
Vanuatu	\$65.7
Nicaragua	\$175.0
Armenia	\$235.7
Benin	\$307.3
Ghana	\$547.0
El Salvador	\$460.9
Mali	\$460.8
Morocco	\$697.5
Lesotho	\$362.6
Mozambique	\$506.9
Tanzania	\$698.1
Mongolia	\$284.9
Burkina Faso	\$480.9
Namibia	\$304.5
Moldova	\$262.0
Senegal	\$540.0

Note: Countries are listed in the order of when their compacts entered into force.

MCC Partner Countries in Compact Implementation

Eight countries continued or had begun implementing their MCC compacts by September 30, 2015, the close of Fiscal Year 2015. Each compact is managed and implemented by a Millennium Challenge Account (MCA), an organization established by each partner country's government. Compact milestones from Fiscal Year 2015 include:

Cabo Verde

The Cabo Verde Compact is designed to improve and expand the quality and reach of water and sanitation; reform policy and regulatory institutions; and turn inefficient utilities into high-performing organizations. The compact also aims to lower the time and cost of land registration and make information on land rights and boundaries more accessible through a single source of information, coupled with legal, institutional and system reform in land management to catalyze private sector investment.

In Fiscal Year 2015, MCC launched and staffed the second Cabo Verde Compact with a start-up team that mobilized the new water services and distribution institution for Santiago. More than 4,000 households in poor, vulnerable communities on the islands of Santiago, Santo Antão, and São Vicente now have household water and sanitation connections as part of the Infrastructure Grant Facility's Social Access Fund, a partnership with the Coca-Cola in Africa Foundation. In addition, fieldwork began on the island of Sal to clarify land rights and boundaries, putting into practice new land reforms instituted in the first two years of the compact.

El Salvador

The El Salvador Investment Compact entered into force in September 2015. It is designed to enhance the country's competitiveness and productivity in international commerce through an integrated set of investments in logistical infrastructure, education and regulatory reform. The compact aims to spark private sector-led growth and address root causes of poverty in El Salvador, including a challenging investment climate, lack of skilled workforce, and infrastructure bottlenecks in key trade routes. In Fiscal Year 2015, the Board of Directors for FOMILENIO II, the government entity managing and implementing the compact, provided oversight and guidance to the FOMILENIO II team.

As part of the Investment Climate Project, a regulatory improvement entity was established to implement business-friendly reforms, and public-private partnership proposals began to be screened. The diagnostic phase to resolve school title issues was completed and title resolution work was set to begin—a requisite to being able to carry out school infrastructure improvements. A strategy to create a technical and vocational education and training system was also established and was being socialized among key stakeholders as part of the Human Capital Project. Finally, road designs and road maintenance studies began as part of the Logistical Infrastructure Project.

Georgia

Georgia's second MCC compact entered its second year of implementation in July 2015. The Georgia Compact is designed to educate the country's workforce with improvements in the quality of education in

science, technology, engineering, and math (STEM) and strategic investments from the start of a student's general education to graduation from technical training and higher education programs. The compact includes a focus on increasing women's participation in STEM professions.

In Fiscal Year 2015, MCA-Georgia partner San Diego State University launched its first group of STEM bachelor's degree students at Ilia State University, Tbilisi State University and Georgian Technical University. In July 2015, a \$12 million grants facility for technical and vocational education and training (TVET) programs was launched. While original plans were for three separate calls for preliminary proposals over three years, the quality of the first proposals received was so high that the full amount of funding is expected to be awarded this year. Bid packages were also released for the design of 30 schools and construction of 17 schools, and construction began in the fall under the school rehabilitation sub activity.

Indonesia

The MCC compact with Indonesia includes three projects designed to increase productivity in rural areas and reduce greenhouse gas emissions by: 1) catalyzing investment in renewable energy and sustainable management of natural resources; 2) reducing and preventing low birth weight, childhood stunting and malnourishment; and 3) achieving government expenditure savings on procured goods and services, while assuring their quality satisfies the public need and achieves the delivery of public services as planned.

In Fiscal Year 2015, the Green Prosperity Facility awarded two Partnership Grants focused on climate-smart cocoa intensification worth more than \$23 million and leveraging 50:50 matching from industry leaders including Cargill, Mars, Guittard, Olam, Barry Callebaut, Nestlé, Mondeléz, BT Cocoa and the World Cocoa Foundation. The partnerships contribute to the Green Prosperity Project objectives of poverty reduction by increasing household income of cocoa smallholders while decreasing land-based greenhouse gas emissions through increased carbon sequestration and reduced deforestation. The compact's Green Prosperity Project also provided \$7.5 million in technical assistance grants for off-grid renewable energy projects. Green Knowledge Grants were awarded to seven grant recipients for a total of \$15 million to develop technical skills and policy analysis that will strengthen the green economy and support innovative efforts to bolster Indonesia's low carbon development strategy. Healthcare providers were trained in feeding infants and young children, sanitation, and measuring children's length as part of the Community-Based Health and Nutrition to Reduce Stunting Project. Phase two of the Procurement Modernization Project also began the effort to build a cadre of professional procurement officials while piloting an e-procurement system that detects patterns of corruption in the procurement process.

Jordan

The Jordan Compact was designed to increase the supply of water available to households and businesses and help improve the efficiency of water delivery, wastewater collection and wastewater treatment. In Fiscal Year 2015, construction of more than 70 percent of the targeted 497 miles of urban drinking water pipelines was completed in the Water Network Project. And public outreach on water conservation under the Water Smart Homes Activity continued, complemented by direct infrastructure assistance to the first of up to 3,500 households.

Construction of the As-Samra Wastewater Treatment Plant expansion was on track for completion in Fall 2015, more than a year before compact closeout. Implemented through a public-private partnership that ensures sustainable operation for 25 years, the plant is the largest and most modern in Jordan, treating 70 percent of the country's wastewater and providing much needed clean water for irrigation in the Jordan Valley. Close to 124 miles of urban sewage pipelines were completed under the Wastewater Network Project, exceeding the compact target of 106 miles, and the project was on track to complete a total of up to 186 miles of pipelines as a result of compact savings.

Malawi

The Malawi Compact is designed to increase incomes and reduce poverty by revitalizing Malawi's power sector and improving the availability, reliability and quality of the power supply. This is supported through investments that increase the capacity and stability of Malawi's national electricity grid and improve the efficiency and sustainability of existing hydropower generation. In Fiscal Year 2015, contracts for infrastructure works totaling more than \$150 million were signed as part of the Malawi Compact's Infrastructure Development Project, including: the rehabilitation of the Nkula A hydropower plant, construction of a 400 kilovolt transmission line and substations, as well as construction of 132/66 kilovolt transmission lines and substations; and installation of system control and data acquisition technology to expand network coverage. Tenders were also launched for approximately \$25 million of distribution system upgrades and expansion.

The public electricity utility, ESCOM, received technical assistance to improve its operational and financial management, including the development of a detailed financial plan to enhance revenue collection efforts. The Ministry of Natural Resources, Energy and Mines approved a roadmap to restructure Malawi's power market to introduce competition in electricity generation, partially unbundle the state-owned electricity utility, and grow the sector through private-sector investment. Finally, grant agreements were signed with 11 NGOs to provide more than \$5 million in grants for beneficiary entities to start and expand their efforts to address environmental and natural resource challenges in the Shire River Basin, including soil erosion, deforestation, and resulting sedimentation and aquatic weed infestation downstream that limit hydroelectric power generation.

Philippines

The Philippines Compact entered its fifth and final year in Fiscal Year 2015. The compact is designed to modernize revenue administration and mitigate risks of corruption with reforms and investments that modernize the Bureau of Internal Revenue and the Department of Finance, expand and improve a community-driven development project, and rehabilitate a secondary national road in Samar province, one of the poorest regions of the country.

In Fiscal Year 2015, through the Kalahi-CIDSS community-driven development project, more than 2,000 small-scale infrastructure projects were completed with community participation, including women in the development and implementation of basic infrastructure and social services. The Government of the Philippines made Kalahi-CIDSS a national model for development project planning, and has incorporated compact elements, including environmental safeguards and gender integration, into its program.

To increase domestic revenue collection to support development, the compact provides technical assistance including automation efforts and improved tax compliance initiatives through the Revenue Administration Reform Project. The Philippine Bureau of Internal Revenue has already seen a significant increase in tax collection.

The final three contract packages of the 138-mile Secondary National Roads Development Project are expected to be completed as scheduled. In collaboration with the International Road Assessment Programme (iRAP), the road design incorporates climate resiliency standards and safety enhancements and promotes women's employment in the road's construction. The Department of Public Works and Highways, the implementing agency for the project, has adopted the compact's standards for health and safety as operational guidelines for its own projects.

Zambia

The Zambia Compact is designed to improve water supply, sanitation and drainage infrastructure to decrease the incidence and prevalence of water-related disease, productive days lost due to disease and time to collect water, cost of water and new sanitation, and business and residential flood losses. The compact's investments also support the Government of Zambia's ongoing water sector reform efforts by strengthening partner institutions. In Fiscal Year 2015, an additional \$500 million in donor commitments was leveraged through the development of the Water Supply and Sanitation Master Plans, which will serve as a guide for the projects well beyond the compact.

The Government of Zambia has now paid back approximately \$18 million in arrears to the utility as a requirement for continued engagement, ensuring greater sustainability for the utility and accountability for the government. All project works designs are complete, the program manager and construction supervising engineer were mobilized, and three infrastructure contracts were signed.

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Table II Fiscal Year 2015 Compact Obligations and Disbursements

Partner Country	Total Compact Amount at Signing*	FY 2015 Section 605 Obligations (in millions of dollars)**	FY 2015 Section 605 Disbursements (in millions of dollars)
Burkina Faso	\$480.9	-\$6.2	\$26.7
Cabo Verde II	\$66.2	\$0	\$9.8
El Salvador II	\$277.0	\$267.0	\$0
Georgia II	\$140.0	\$0	\$10.6
Indonesia	\$600.0	\$0	\$49.4
Jordan	\$275.1	\$0	\$77.1
Malawi	\$350.7	\$0	\$19.8
Moldova	\$262.0	\$0	\$81.8
Namibia	\$304.5	-\$8.8	\$17.8
Philippines	\$433.9	\$0	\$86.8
Senegal	\$540.0	-\$23.8	\$169.6
Zambia	\$354.8	\$0	\$13.0

*Amounts include Section 605 obligations and Compact Implementation Fund obligations at signing.

**De-obligations during FY 2015 were factored into the compact funding requested in MCC's FY 2017 Congressional Budget Justification.

Table III Signed Compacts that, as of September 30, 2015, Have Not Yet Entered into Force

Partner Country (with compact amount in millions of dollars)	Obligations (in millions of dollars)	Expenditures (in millions of dollars)
Benin (\$375.0) Signed September 9, 2015 The Benin Power Compact is designed to make a strategic investment in Benin's electric power sector. The compact aims to advance Power Africa's goals of increasing electricity generation and access in sub-Saharan Africa, and includes	\$18.0	\$0

Partner Country (with compact amount in millions of dollars)	Obligations (in millions of dollars)	Expenditures (in millions of dollars)
<p>an investment in renewable energy. The compact marks the U.S. Government's largest off-grid electrification project in a single country to date. The Government of Benin will contribute an additional \$28 million to the compact. By increasing Benin's domestic generation capacity by up to 78 megawatts, the compact aims to increase the supply of electricity nationally. This includes 45 megawatts of solar generation, which represents MCC's largest investment in solar power to date. The compact will support policy and institutional reforms as well as off-grid electrification financing for critical public infrastructure, mini-grids, household devices, and energy efficiency.</p>		
<p>Ghana (\$498.2) Signed August 5, 2014 The Ghana Power Compact is designed to create a financially viable power sector that will meet the current and future needs of households and businesses. The Ghana Power Compact is the largest U.S. Government transaction to date under Power Africa and will serve as an anchor for increased American engagement in Ghana. The Government of Ghana followed through in early 2015 on policy reforms that were required for initial compact implementation.</p>	\$28.9	\$4.0

Partner Country (with compact amount in millions of dollars)	Obligations (in millions of dollars)	Expenditures (in millions of dollars)
Ghana's Millennium Development Authority (MiDA) was established and recruitment for key positions was completed. MiDA is operating at full strength. The Government of Ghana launched the Electricity Company of Ghana concession tender, one of the main conditions to enter into force. The condition, related to the approval of a plan to pay arrears owed by the Government of Ghana to the electricity distribution utility companies, was finalized and payments against outstanding arrears began.		

Note: For MCC's financial reporting, disbursements are expenditures. Obligations reflect amounts upon a compact's entry into force. Countries are listed in the order of their compact signings.

Compacts in Development

During Fiscal Year 2015, MCC continued work with eight countries to develop potential compacts. This section highlights the status of each compact as of September 30, 2015:

Lesotho

Initial analysis for a second compact with Lesotho identified four binding constraints to growth that may become areas of investment: health, job skills, land, and regulatory frameworks. Underlying these constraints is a weakness in the government's ability to support its own national strategic goals through efficient use of resources to deliver high-quality services. The Government of Lesotho submitted two project concept notes in June 2015 based on the findings of the initial analysis: strengthening health systems, and improving land and job skills to build a strategic trade and investment environment that promotes private-sector driven, equitable and sustainable economic growth.

Liberia

MCC re-engaged with the Government of Liberia in pursuit of a power-focused compact following stabilization of the Ebola outbreak. In May 2015, MCC committed \$2.8 million dollars in 609(g) funding

for compact development. MCC's Board of Directors approved the Liberia Compact in September 2015. The compact combines infrastructure investments with policy, institutional reforms, and workforce skills that are expected to modernize the country's power sector and strengthen its road maintenance systems.

Mongolia

Following the Board of Directors' selection of Mongolia for a new compact in December 2014, MCC and the core team from the Government of Mongolia conducted an integrated constraints analysis and signed an initial engagement grant agreement. The analysis identified a weak and unstable macroeconomic environment; inconsistent laws and policies affecting businesses; health impacts from air pollution; and poor access to water and sanitation.

Morocco

The Morocco Employability and Land Compact was approved at the September 2015 MCC Board of Directors meeting. The compact will assist the Government of Morocco in addressing two major constraints to economic growth: education quality and land productivity, with an approach focused on policy reform and private-sector partnerships.

Nepal

Selected initially for a threshold program, Nepal transitioned to compact eligibility in December 2014. The binding constraints to growth identified during the development of the threshold program will be the focus of the compact. The constraints were an unreliable supply of electricity and the high cost of transport. In the aftermath of the Nepal earthquake in April 2015, MCC expedited its compact development process and placed the Country Team Lead position in Kathmandu.

Niger

MCC continued to work closely with the Government of Niger to develop a compact that addresses agricultural productivity given the scarcity of water for agricultural production in the country. MCC and the Government of Niger signed a 609(g) agreement for compact development and started disbursing funds in April 2015.

Philippines

In developing a second set of investments, MCC and the Government of the Philippines completed a constraints analysis that identified four binding constraints to growth and investment: government coordination and implementation capacity; the high cost of transport logistics; the high cost of electricity; and land and market failures in the rural economy. The Government of the Philippines continued to work with MCC to identify potential projects and reforms that address these constraints.

Tanzania

The Tanzania Energy Compact seeks to assist the Government of Tanzania in addressing one of the major constraints to economic growth in the country: a lack of reliable access to electricity. The compact was negotiated with the Government of Tanzania in August 2015, and is pending Board approval.

Sector Results at a Glance: By The Numbers and Key Policy Reforms

Numbers are cumulative over the 11 years since the agency's founding in 2004, and current as of September 30, 2015.

Developing countries face significant challenges across many sectors. The first step in MCC's process once a country is selected as eligible is to work with partner country officials to conduct a rigorous, joint analysis that identifies the most binding constraints to economic growth. The results help prioritize MCC'S investments in the areas that are the biggest impediments to private investment and poverty reduction. These may include access to credit, governance, power, transportation or education, among other priority areas. Constraints to growth are different for each country and ultimately drive MCC's investment strategy. Below are highlights of MCC's sector investments that have emerged from this analysis.

Power

2,675 miles of electricity lines completed

MCC works with partner countries to build critical power infrastructure and implement complementary reforms that improve the country's power sector. In Malawi, during the second year of compact implementation, Malawi's power utility, ESCOM, received technical assistance to improve its performance. In Ghana, the government took significant steps to invite private-sector participation into its power sector by issuing a request for expression of interest in the concession of the Electricity Company of Ghana. In Benin, MCC signed a compact to fund generation and distribution infrastructure as well as off-grid projects while also strengthening Benin's national utility.

Transportation

1,787 miles of roads completed

647 additional miles of roadway under construction

In Fiscal Year 2015, an 18 percent increase in MCC-funded miles of roadway relative to the previous year brought the estimated total to 1,787 miles completed.

- In Moldova, the MCC-funded Road Rehabilitation Project rebuilt close to 60 miles of road connecting apple orchards and fruit producers in the north to markets in Chisinau, central Moldova and beyond. All construction met high quality and environmental standards with enhanced safety features.
- In the Philippines, the first 10-mile section of the Secondary National Road Project in the Samar

and Eastern Samar provinces was completed. The Philippines roads are designed and built to be resilient to the effects of a changing climate, and the work includes the rehabilitation and replacement of 60 bridges, the rebuilding of major drainage structures, and remediation of dozens of landslides in the provinces.

- In Senegal, the rehabilitation and widening of 115 miles of two existing critically important national roads is expected to significantly reduce transport costs for passengers and goods.

Water and Sanitation

7.02 million people are estimated to benefit from improved water systems, and approximately 2.27 million people benefit from improved sanitation

MCC supports transformative policy and institutional reforms to improve the level and quality of water and sanitation services in partner countries. With MCC funding, the Government of Cabo Verde created a new national regulator and improved the legal and policy framework for its water and sanitation sector. MCC supported the creation of Aguas de Santiago, a water and sanitation company on Cabo Verde's largest island. In addition, MCC helped mobilize additional donor funding from the Public-Private Infrastructure Advisory Facility to help corporatize water utility on the islands of Santo Vicente and São Nicolau.

Agriculture and Irrigation

275,094 farmers trained

300,962 acres under improved irrigation

MCC works with partner countries on policies and procedures to better manage water resources used for agricultural production. Without appropriate water resource management, crops are subject to floods and droughts, creating drastic price and yield fluctuations. Ten centralized irrigation systems covering over 11,500 hectares were rebuilt through MCC's Moldova Compact, and Water Users Associations were formed and its members were trained to manage their operations and maintenance. A farmer training program in high-value crop production and an agricultural finance program also contributed to the growth and modernization of Moldova's high-value agriculture sector.

Land

311,785 household, commercial, and legal entities have legal land protections

MCC's work with partner countries on complex land, institutional and policy reforms focuses activities at the regional and local levels to protect property rights and stimulate private-sector investment. In Senegal, MCC's investment in large-scale irrigation in the Senegal River Valley was coupled with activities to secure land rights, improve community-level land management, and mitigate the risk of land conflict amid increasing land values. Nine communes received improved land management tools, including computerized land information systems, land rights registries, updated land occupation and management plans, and training of land conflict mediation committees. Each commune developed transparent land allocation principles and criteria with the active participation of all local stakeholders, resulting in

unprecedented levels of increased access to irrigated land for women and other relatively land-poor farmers.

Education

746 educational facilities constructed or rehabilitated

4,407 instructors trained

215,242 students participated in MCC-supported education activities

62,211 graduates from MCC-supported education activities

MCC works with partner countries to identify challenges in the education sector and develop solutions that help lead to a skilled and productive workforce. For example:

- In Georgia, Ilia State University, Georgian Technical University, and Tbilisi State University accepted its first freshman class for three new MCC-funded bachelor's degree science programs launched in partnership with San Diego State University in chemistry/bio-chemistry, electric engineering, and computer engineering. MCA-Georgia also selected 29 organizations to submit full proposals for up to \$8.8 million in grants for public and private TVET providers to partner with and secure co-financing from local and international industry to support science, engineering and technology-oriented workforce skills.
- More than \$10 million in grants was awarded by MCA-Indonesia through the Green Knowledge Program to capture and disseminate new knowledge for the low-carbon economy generated by interaction among public and private sector stakeholders. The investment supports green skills such as carbon mitigation planning, farming and agriculture waste management, and coastal resource management for governments and citizens in the communities targeted by the Green Prosperity Project. The \$332.5 million project is designed to increase productivity and reduce reliance on fossil fuels by expanding renewable energy, improving land use practices, and improving management of natural resources.

Health

More than 2,000 service providers trained to improve nutrition among children in 5,300 villages

Where national growth is potentially stymied by poor health, MCC investments help governments ensure that critical, cost-effective health services are available where they have the greatest potential to enhance the quality of life and lead to greater productivity and economic growth. MCC committed more than \$130 million to improve nutrition and health in Indonesia. Activities in the Indonesia Compact are improving awareness of maternal and infant feeding practices, illness prevention, and access to proper nutrition and health care services. In Indonesia, MCC partners with the World Bank to provide grants to communities to improve health and education indicators. In 2014, an average of 13 cases of underweight children and eight cases of malnutrition among pregnant women were resolved per village, and on average, 178 women and infants per village received parenting or nutritional counseling using community grant funds.

A Results-Focused Approach

Impact across these sectors stems from MCC's country-driven, results-focused approach. MCC is

committed to applying its experience, expertise and flexibility to evolving challenges to achieve economic growth. This means incorporating:

Gender

MCC recognizes that gender inequality is a significant constraint to economic growth and poverty reduction. In Jordan, women are most often the collectors, users and managers of water. They are also farmers of rain-fed crops. By specifically including women in water programs, MCC is helping to spread the message of the importance of smart water usage to families and community members. The compact's Water Smart Homes Activity—part of the \$93 million Water Network Project—is improving water quality and quantity at the household level through infrastructure repairs and an outreach campaign. The activity also provides certified plumbing training for women that is increasing their skills and knowledge of water management, their employability, and their incomes. Participating women also receive business start-up and management training, access to microfinance, and an opportunity for on-the-job training.

Environment, Health and Safety

The pursuit of sustainable economic growth and a healthy environment are related. MCC's Environmental and Social Performance team works with partner countries to integrate internationally accepted principles of environmental and social sustainability into the design and implementation of compacts. Economic growth that doesn't adequately address the associated risks of environmental degradation can leave the poor particularly vulnerable. In collaboration with MCC, partner countries strive to achieve sustainable economic development through their compact-funded activities while at the same time minimizing environmental and social risks, and identifying opportunities to enhance environmental and social outcomes. Through the Jordan Compact, MCC has helped strengthen the country's environmental, health, and safety practices within its construction industry and raised awareness of human trafficking and gender equity.

Climate Change Resiliency

Climate change is an environmental and social stressor that poses many potential risks to economic growth. To be sustainable, development investments must be climate resilient, so MCC systematically screens all new investments for climate risks. Where risks are identified, MCC works with its partners to understand and address them. MCC also collaborates with other U.S. Government development and science agencies to develop new tools and approaches. In the Philippines, MCC funded the upgrading of 137 miles of roads on Samar Island when it was determined that the project would be vulnerable to increasingly frequent and intense rainfall over the next 20 years, more tropical cyclones, and a potential one-meter rise in sea level. In response, project engineers integrated design elements to adapt the road to these changing conditions. MCC estimates that these adaptation measures represented 12 percent of the total project cost. The benefit of these investments became clear in May 2014 when Typhoon Haiyan struck. The road was directly on the storm's path, but it remained mostly intact and provided a crucial artery for emergency response, subsequent reconstruction, and the ongoing development of Samar Island. The Government of the Philippines now applies the road's design standards to other national roads.

Before the Money: Results Through Reforms

MCC uses objective, third-party policy performance data summarized on individual country scorecards to select partners. This process inspires countries to pursue ongoing reforms to improve their economic and social policies even before MCC invests a single dollar. Many call this phenomenon the “MCC Effect.”

- The Government of Togo formed a committee for MCC eligibility to update its data performance with the institutions that produce the indicators. It also created a plan for policy reform, including efforts to modernize family code to ensure equal rights for women, and change the penal code to fight corruption. In January 2015, Togo officially submitted this news to the World Bank’s Women Business and the Law, which helped Togo improve on its Gender in the Economy indicator on the MCC scorecard.
- Cote d’Ivoire created a national committee for eligibility in 2011 in a bid to improve its scorecard performance. In Fiscal Year 2013, Cote d’Ivoire passed only five indicators on MCC’s scorecard. Within two years, the country had passed 10 of the 20 indicators, placing it in a position to become eligible for threshold program assistance in Fiscal Year 2015.

MCC Threshold Programs: A Gateway to Compact Eligibility

MCC Threshold Programs seek to boost the “MCC Effect” and support policy and institutional reforms critical to economic growth and good governance. By actively engaging on policy issues with a promising candidate country, a threshold program can be important for countries that aspire to obtain a compact. Threshold programs are developed through a structured diagnostic and design process, beginning with a rigorous analysis of the constraints to economic growth and the policy and institutional underpinnings of those constraints. As MCC’s partners implement their threshold programs, they provide critical information about their commitment and capacity to undertake the types of reforms and investments that have the greatest impact on growth.

In Fiscal Year 2015, Cote d’Ivoire, Sierra Leone, Guatemala, Honduras and Niger were engaged in various stages of threshold program development and implementation.

Cote d’Ivoire started the diagnostic phase of its threshold program to identify the country’s most binding constraints to economic growth. This analysis will be the foundation of future MCC investments.

Sierra Leone completed its threshold program development process and, in September 2015, the MCC Board of Directors approved a \$44.4 million program that will help build the institutional foundation for the provision of water and electricity in greater Freetown. The program emphasizes improved sector governance by increasing transparency and accountability and reducing opportunities for corruption and bribery.

MCC signed a \$28 million threshold program with Guatemala in April 2015 designed to support policy and institutional reforms aimed at providing quality educational opportunities that have relevance to the labor market, and mobilizing greater resources through improved tax and customs administration.

In Honduras, a \$15.6 million threshold program supports reforms to improve government effectiveness in

two areas identified as critical barriers to economic growth and poverty reduction: public financial management and the transparency and efficiency of public-private partnerships.

In Niger, MCC concluded its funding of a threshold program to promote early grade reading, and activities will continue into 2016 with financing from USAID.

For More

- Visit www.mcc.gov for the latest progress on each MCC partner country, including financial data, results, and donor coordination efforts.
- Review MCC's [Fiscal Year 2015 Agency Financial Report](#) for financial statements and the independent auditor's report.

The Power of Cooperation

MCC coordinated with other U.S. Government agencies and organizations throughout the donor community to leverage efficiencies and cost-effectiveness. Collaborating across the field allowed MCC to maximize impact, including supporting greater trade competitiveness in our partner countries.

Power Africa

More than two-thirds of the population in sub-Saharan Africa—about 600 million people—has no access to electricity. Inadequate, unreliable and unequal access to energy constrains the continent's ability to connect globally, drives up the cost of business, hinders investment, and negatively impacts quality of life. MCC plays a critical role in Power Africa, the U.S. Government's effort to double electricity access across sub-Saharan Africa. The agency is investing approximately \$1.5 billion in countries like Ghana, Benin, Malawi, and Liberia to improve the quality and reliability of electricity and promote climate-smart measures, such as energy efficiency and renewable energy. The foundational principles of MCC – a laser focus on data, growth, and country demand – are squarely aligned with Power Africa. Across the continent, MCC's partner countries themselves have identified power investments as the building blocks for sustainable economic development. They know, and the data supports the proposition, that widespread access to electricity will unleash growth that will help lift people out of poverty.

African Growth and Opportunity Act (AGOA)

MCC is the largest U.S. Government funding contributor to trade and investment capacity building in AGOA countries through its investments in roads, ports, and power and improving the productivity of export-oriented industries, such as agriculture, that benefit small and medium-sized enterprises. MCC's investments also contribute to the U.S. Government's Trade Africa initiative, which seeks to encourage internal and regional trade within Africa, as well as expand trade and economic ties between Africa, the United States, and other global markets. MCC continued to explore opportunities for regional integration during Fiscal Year 2015 to facilitate trade and address trade barriers through policy and institutional reforms.

Global Health Data

MCC and the President's Emergency Plan for AIDS Relief (PEPFAR) in April 2015 began to implement a three-year, \$21.8 million Data Collaboratives for Local Impact Program (DCLI), which harnesses the data revolution to achieve greater transparency, mutual accountability, and local impact in sub-Saharan Africa. The program seeks to address some of the root causes of insufficient data use for decision-making around HIV/AIDS, broader health, gender equality, and economic growth. This will start with two of the four planned projects: a Tanzania-based physical and virtual co-working, training and collaboration space; and a platform to launch competitions that will identify, engage, and support local innovators and entrepreneurs who can contribute to strengthening the overall data ecosystem. The program is being implemented in collaboration with the Global Partnership for Sustainable Development Data. In 2015, DCLI hosted a successful side event at the first-ever government-led Africa Open Data Conference in Dar

es Salaam to highlight the important linkage between local impact and open data, and to advocate for data use and capacity at the subnational level.

Gender and Education

MCC has been at the forefront of promoting gender equality to reduce poverty and promote economic growth. As an institution committed to women's empowerment, MCC partners with other important efforts to advance gender equality. MCC joined forces with the Clinton Foundation, the Brookings Institution, NGOs, private-sector businesses and other donors around the world in the CHARGE Initiative – Collaborative for Harnessing Ambition and Resources for Girls' Education. This five-year partnership aims to improve learning and leadership opportunities for young women and girls worldwide and reinforces MCC's leadership in gender integration and education.

MCC also joined with the U.S. Agency for International Development, the Peace Corps and the U.S. Department of State to support [Let Girls Learn](#), a U.S. Government effort that leverages the investments and successes we have achieved in primary school education and expands them to help adolescent girls go on to complete their education. For example, in El Salvador, MCC has invested \$100.7 million to improve the quality of education and skills development for Salvadoran students, and support the development and institutionalization of the Ministry of Education's Gender Policy and Gender Unit, which will provide input and guidance on the ministry's vision, strategies, plans, and processes to help improve the education of adolescent girls.

Open Government and Transparency

The [Global Partnership for Sustainable Development Data](#) was launched on the sidelines of the United Nations General Assembly in September 2015, mobilizing a range of data producers and users to harness the data revolution. Working together, the U.S. and other Global Data Partnership contributors address the barriers that prevent greater access and use of development data. MCC is a recognized leader in evidence-based decision making and transparency, and as part of its [Data2x commitment](#)—a partnership with the Hewlett Foundation and the UN Foundation to advance gender equality—MCC and other donors are increasing the amount of publicly shared gender data and helping to improve international data transparency standards.

Global Community Support

MCC and the Peace Corps signed a memorandum of agreement (MOA) in Fiscal Year 2015 to renew and expand upon five years of successful collaboration between the two development agencies. The MOA aims to boost the impact both agencies have on the communities they serve around the world by bringing together MCC's model of country-led, results-oriented development with Peace Corps' grassroots, community-focused reach.

Contributions to Global Development

MCC's contributions during Fiscal Year 2015 continued to advance effective and innovative development practices and partnerships.

Creating a Sustainable Future

When the international community came together in September 2015 during the United Nations General Assembly to adopt the 17 Sustainable Development Goals (SDGs) that build on the expiring Millennium Development Goals, it represented the culmination of years of collaborative input from countries and organizations around the world, including MCC. The SDGs largely reflect many of the core elements of MCC's model—they incorporate a focus on inclusive economic growth and effective, accountable institutions as key elements to sustain and accelerate development progress. MCC's emphasis on catalyzing economic growth, evidence-based decision-making and transparency help to drive international efforts to achieve the 17 interconnected Global Goals. The goals set new, ambitious objectives to end poverty and improve lives globally.

Catalyzing Community-Driven Development

Country ownership is at the heart of MCC's model, and its country partners design and implement their programs and are held accountable for results. MCC champions community-led development, where program ownership and accountability are concentrated at the local level. For example, through the Philippines Compact, MCC has committed \$132 million to scale up the government's community-driven development project, Kalahi-CIDSS. The project funds infrastructure and services such as water systems, clinics, and schools in poor, rural communities that are community-selected and managed. In Fiscal Year 2015, 2,380 sub-projects were completed, and the effort is expected to benefit more than 5 million people.

Opening a Gateway to Opportunity for U.S. Businesses

MCC places strong emphasis on engaging the private sector as part of its continuing commitment to create a sustainable investment climate in partner countries and open up opportunities for U.S. businesses. In April 2015, MCC and the U.S. Department of Commerce led 10 U.S. companies on a joint trade and investment mission to Tanzania and Malawi, introducing company representatives to business opportunities in the energy sector. The mission was designed to promote U.S. exports and promote an expanded presence for U.S. businesses in Africa. The mission also supported the U.S. Government's Power Africa effort designed to double access to electricity in sub-Saharan Africa.

In the U.S., MCC engaged local business communities and civil society leaders in Chicago and Atlanta to discuss the agency's investments around the globe. The domestic road show opened a gateway to opportunity for businesses who hadn't previously worked with MCC.

Unlocking Private Sector Resources

MCC's determination to remain at the forefront of catalytic development by mobilizing private-sector investment was evidenced by the launch of the Public Private Partnership (P3) Platform in Fiscal Year 2015, which included a commitment of \$70 million in MCC grants—including \$52 million in Africa—to support public-private partnerships in MCC partner countries. The commitment is expected to generate \$1 billion in private-sector investments over the next five years. The launch of the P3 Platform recognizes that official development assistance must increasingly catalyze other resources to finance development.

Bringing Voices to the Table

As a learning institution, MCC welcomes input and feedback from others who work with its partner countries to reduce poverty through economic growth. Since its creation in 2004, MCC has reserved a seat at the table for members of civil society during compact selection, development, and implementation. A roundtable consultation prior to the signing of MCC's Benin Power Compact was the start of a new effort to bring external stakeholders to the table earlier in the process of compact development, and to explore ways to include external expertise and viewpoints into various phases of the compact lifecycle. By listening to the voices and experience of stakeholders and experts in academia, civil society organizations, and the private sector, MCC strengthens its position as a leader in international development and catalyzes inclusive growth.

Reducing Poverty Through Growth

